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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON 25

B-133200

MAY 23 1961

Honorable Allen Dulles, Director  
Central Intelligence Agency

Dear Mr. Dulles:

We acknowledge your letter dated May 17, 1961, responding to our letter of May 16 to you relating to our reviews at the Central Intelligence Agency.

We acknowledge also your appreciation in our joint attempt to expand the General Accounting Office activities at the Central Intelligence Agency and your comment that the reviews made by our representatives have been helpful. As noted in our letter of May 16, 1961, we do not believe that we have had sufficient access to permit us to make reviews sufficient in scope to be helpful to the Congress and for this reason we planned to discontinue the audit at this time. Your letter notes that over the years the work of the General Accounting Office has been most beneficial to you.

We believe it is appropriate here to clarify the scope of our work program preceding the reviews that were undertaken following our exchange of letters in October 1959.

Following the enactment of the Central Intelligence Agency Act in 1949, the then Director of the Agency requested that notwithstanding the very broad and unusual powers granted to the Central Intelligence Agency by the act an audit of expenditures at the site as previously performed by the General Accounting Office be continued. Accordingly the General Accounting Office continued to make audits of vouchered expenditures under the same arrangements that were in effect with the predecessor Central Intelligence Group. In view of the provisions of Section 8 of the Central Intelligence Agency Act no exceptions were taken to any expenditures but questionable payments coming to our attention were referred to the CIA Comptroller's Office for corrective action. We did not make a substantive review of Agency policies nor of its practices and procedures and we made no audit of expenditures of unvouchered funds.

Document No. \_\_\_\_\_  
Review of this document by CIA has  
determined that

1. It has no objection to disclosure  
2. It contains information of CIA  
interest that must remain  
classified at \_\_\_\_\_

3. It contains nothing of CIA interest

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However, at the time of the enactment of CIA legislation in 1949 we were in the process of applying the comprehensive audit approach to the activities of most Government agencies. Under this audit approach our basic purpose is to review and evaluate the manner in which the agency or activity under audit carries out its financial responsibilities. We construe financial responsibilities as including the expenditure of funds and the utilization of property and personnel in furtherance only of authorized programs or activities in an effective, efficient and economical manner. In carrying out this type of audit we examine the organization's structure and review the established agency policies for conformity to legislative intent and applicability to agency activities. We also examine agency practices and procedures followed in carrying out the agency policies and make a selective examination of actual transactions as a means of appraising the application of agency practices and procedures. It was this kind of a review that we proposed for the Central Intelligence Agency in accordance with whatever agreement we could reach with you as to access to the records. Our work during the last 18 months has demonstrated to us that under existing security restrictions we do not have sufficient access to make comprehensive reviews of CIA activities on a continuing basis that would be productive of evaluations helpful to the Congress.

We deeply appreciate your interest in the possibility of continuing our work at the Central Intelligence Agency on some scale and we are prepared to discuss this prospect at your convenience. For the present and pending discussions with you and appropriate congressional interests, we will continue our limited program.

Sincerely yours,

JOSEPH CAMPBELL

Comptroller General  
of the United States

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